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STATE FOR OES/, EB/IFD/OIA, EAP/PMBS
DOE FOR TOM CUTLER
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STATE PASS EXIM, OPIC, AND USTR
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SUBJECT: Philippine Tropical Forest Conservation Fund

11. Summary: The USG-funded Philippine Tropical Forest Conservation Fund (PTFCF) decided in recent meetings to become a sustainable source of funding for forest conservation work and to consider climate change mitigation and adaptation as a factor in selecting projects for funding. Since 2005, PTFCF has funded 110 projects, resulting in the reforestation of nearly 13 thousand hectares and protection of over 1 million hectares of Philippine forests. End Summary.

Successful USG Forest Conservation

12. The PTFCF was established in 2002 by agreements between the United States and the Philippines under the U.S. Tropical Forest Conservation Act. These agreements leveraged a \$5.5 million USG appropriation into \$8.25 million in payments spread over 14 years to the PTFCF to fund forest conservation projects. Since 2005, PTFCF has funded 110 conservation projects resulting in the reforestation, including agro-forestry development, of nearly 13 thousand hectares, and protection of over 1 million hectares of forests in key regions of the Philippines. The PTFCF also supports enforcement work and policy reforms in the forestry sector. Most PTFCF assistance is programmed to last one year or less within critical forest areas, with annual funding assistance of up \$40 thousand per project. Initially, most projects focused on the few remaining Philippine dipterocarp forests (these are tall-growing tropical trees valued commercially for their timber and aromatic oils.) However, a growing number of projects have targeted replanting coastal mangrove forests critical for their role in fish spawning, carbon sequestration, and preventing coastal erosion.

More Resources to Support Forest Conservation

13. During strategic planning meetings held September 3-5, PTFCF Trustees resolved that the Foundation should seek to extend its life beyond the originally envisioned 14-year lifespan through fundraising and collaboration with non-governmental organizations with similar conservation objectives. To achieve the goal of sustainable funding, the Trustees plan to hire a consultant to help the Foundation design and implement fundraising strategies and to expand the search for additional Trustees that could be filled by individuals with strong corporate and fund-raising expertise. The Trustees noted that several commercial corporations were promoting good conservation work in the Philippines and would be able to contribute needed skills and experience in vetting and monitoring the community organizations that usually implement the Foundation's projects.

Emphasis on Climate Change

¶4. The PTFCF Trustees have recognized that climate change could adversely impact forest conservation while simultaneously posing an opportunity to galvanize additional funding for forest conservation. The Trustees resolved to invest in strategic initiatives that would address climate change issues and support local and national mitigation and adaptation efforts. This decision places additional emphasis on vulnerability assessments of key forest areas. The Trustees also decided that preference should be given to projects that provided livelihoods to forest-dependent communities, reduce cutting of natural forests, encourage forest protection in order to reduce forest loss and enhance carbon sequestration.

Other Matters Resolved by Trustees

¶5. The Board of Trustees also resolved to streamline PTFCF procedures in evaluating and selecting projects to create a more transparent and efficient grant making process. Other recent PTFCF accomplishments include publication of an instruction manual for the selection, planting, and care of dipterocarp seedlings; and a series of land cover maps of the Philippines showing locations of remaining old growth and residual forests, grasslands, and other vegetation.

Comment

¶6. Over the past seven years, PTFCF has made significant progress in carrying out its primary mission of slowing the destruction of Philippine tropical forests. The Foundation serves as a model to countries like Indonesia which is now setting up a similar

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foundation under the Tropical Forest Conservation Act. In the next five years, the Fund will continue to explore ways to be responsive to challenges facing the forest sector such as rural poverty, rapid population growth, and climate change.

Kenney